

Message Text

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PAGE 01 MANILA 04686 221020Z
ACTION EA-12

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C O N F I D E N T I A L MANILA 4686

EA ONLY

E.O. 11652: GDS
TAGS: ENRG, EALR, RP, US
SUBJECT: GOP MAY SEEK TO RENEGOTIATE WESTINGHOUSE CONTRACT

REF: (A) STATE 036354, (B) MANILA 4360

1. EMBOFF HAS LEARNED THAT WESTINGHOUSE MEETING WITH SEC. VELASCO AND SOLICITOR GENERAL MENDOZA MARCH 17 (REFTEL B) DID NOT GO AS WELL AS EXPECTED. ACCORDING TO WESTINGHOUSE SOURCE, VELASCO/MENDOZA TOLD WESTINGHOUSE THEY HAVE SERIOUS RESERVATIONS ABOUT THE CONTRACT. CURRENT FEELING IS THAT WESTINGHOUSE TOOK ADVANTAGE OF INEPT NATIONAL POWER CORPORATION MANAGEMENT DURING THE CONTRACT NEGOTIATIONS. WESTINGHOUSE WAS TOLD TO EXPECT AN OFFICIAL LETTER MARCH 27 INFORMING THEM THE GOP WISHES TO "DISCUSS" THE TERMS AND CONDITIONS OF THE CONTRACT. VELASCO ANNOUNCED BEFORE ASSEMBLED WESTINGHOUSE, PNOC, AND NPC OFFICIALS THAT HE HAD NO FAITH IN THE CURRENT NPC MANAGEMENT AND PLANS TO REPLACE THE MAJORITY OF THEM SOON.

2. WESTINGHOUSE WAS REMINDED IN THE MEETING THAT THERE WAS CONSIDERABLE INTERNAL GOP OPPOSITION TO THE TERMS OF THE CONTRACT EVEN BEFORE IT WAS SINGED. THERE ARE REPORTEDLY MANY MEMOS IN VARIOUS GOP FILES TO THAT EFFECT.

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3. FYI: WESTINGHOUSE SOURCE SUMMED UP INITIAL REACTION OF HIS COLLEAGUES IN LANGUAGE THAT IS UNQUOTABLE. HE BELIEVES EVENTUAL WESTINGHOUSE CORPORATE REACTION WILL BE MORE TEMPERED, BUT CONCEDES THIS MEETING COULD HAVE GONE BETTER. IT IS POSSIBLE THE REQUEST TO "DISCUSS" THE CONTRACT WILL BE REFUSED BY WESTINGHOUSE, AND THE ISSUE WILL

THEN DIE QUIETLY, BUT WESTINGHOUSE OFFICIALS ARE REPORTEDLY NOT SANGUINE ABOUT THAT HAPPENING. END FYI.

4. ILLICIT PAYMENTS WERE NOT AN ISSUE WITH VELASCO/MENOOZA. MENDOZA WANTS TO MAKE SURE, HOWEVER, THAT WESTINGHOUSE DOES NOT MAKE ANY DISCLOSURE OF THE COMMISSIONS PAID WITHOUT PRIOR WARNING TO THE GOP. IT IS APPARENTLY NOT THE FACT OF THE COMMISSIONS, BUT THE AMOUNTS (EVEN IF WITHIN THE "GUIDE-LINES" OF EXIM) THAT WOULD BE EMBARRASSING TO THE GOP IF THEY SURFACED BEFORE THE APRIL 7 ELECTIONS.

5. SOURCE TOLD EMBOFF THAT WESTINGHOUSE, IN FACT, DID MAKE DISCLOSURE OF AMOUNTS OF COMMISSIONS TO THE U.S. JUSTICE DEPARTMENT LAST WEEK AND IT WILL BE EMBARRASSED IF THAT INFORMATION IS LEAKED AND SURFACES HERE BEFORE THE ELECTIONS.
NEWSOM

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